

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Energy Department – Thermal Power Project by M/s BPL Power Projects (AP) Pvt. Ltd. at Ramagundam, Karimnagar District – Reinstatement of Power Purchase Agreement and enhancing the capacity to 600 MW (2 x 300 MW) – Orders – Issued.

ENERGY (POWER.I) DEPARTMENT

G.O.Ms.No.51

Dt :09.10.2009

Read the following:

1. From M/s BPL Power Projects (AP) Pvt Ltd, Letters Dtd. 02.05.2006 and 05.08.2006
2. Govt. Letters No. 2799/PR.I/2004 dt. 12.6.2006 and 12.09.2006.
3. From the Chairman & Managing Director, APTRANSCO Letters No. CE/IPC/211/F.BPL/2006 dt. 06.05.2006 14.08.2006, 12.06.2007 and 20.10.2007.
4. From M.s BPL Power Projects (AP) Pvt Ltd Letter dated 21.09.2007.
5. Letter No. 2799/PR.I/2004 dated 19.12.2007.
6. G.O.Ms.No. 103 dated 22.09.2008
7. Govt. Lr No. 2799/Power.I(1)/2004 dated 21.01.2009
8. From the Vice President & CFO, M/s BPL Power Projects (AP) Pvt Ltd Lr Dated 21.02.2009.
9. From the CE/IPC/APPCC/Lr No. CE/IPC/211/ F.BPL/ D.No. 31/09 Dated 26.02.2009.
10. Letter No. 2799/Power.I(1)/2004 Dated 20.06.2009.

O R D E R:

The BPL group was selected in 1994 through International Competitive Bidding (ICB) for implementation of 2x250 MW (500 MW) coal based project at Ramagundam. APSEB entered into Power Purchase Agreement (PPA) with M/s BPL Ltd., on 31.10.1994. This was assigned then to M/s BPL Power Projects (AP) Pvt Ltd and the capacity of project was subsequently enhanced to 2x 260 MW. The Power Purchase Agreement was amended and restated on 29.01.1999.

2. The PPA of January, 1999 to which APERC gave its consent on 18.11.2002 required certain amendments. The amended agreement was executed between APTRANSCO and M/s BPL on 10.07.2003 as per which the company has to achieve financial closure by 09.07.2004. BPL could not achieve the financial closure due to technical reasons by 09.07.2004. Accordingly, APTRANSCO terminated the Power Purchase Agreement dated 10.07.2003 on 09.07.2004.

3. M/s BPL filed W.P.No. 5715 of 2006 in the High Court of A.P. requesting for restoration of the 2003 PPA on the same terms and conditions. The AP High Court issued interim orders directing APTRANSCO and GOAP to maintain status quo for the work already executed and action taken by BPL. They further directed that APTRANSCO should not be prejudiced to the rights of BPL with respect to coal linkage.

4. BPL simultaneously approached Government of India and Government of AP for reinstatement of the PPA. M/s BPL furnished its proposal to the Negotiation Committee on issues pertaining to Energy Sector constituted vide G.O.Ms.No. 18 Energy (Power.I) Department Dt. 25.02.2006. The proposal offered to reduce 9 paise per unit in the levelised tariff and thus to confine the levelised tariff at Rs. 1.79 per unit and consequently reduce the capital cost by Rs. 175 crores from Rs. 2650 crores (Rs. 5.1 crores/MW) to Rs. 2475 crores (Rs. 4.76 crores/MW) at an exchange rate of Rs. 43.50. M/s BPL have also sought to increase the capacity from 520 MW to 600 MW.

5. Government have examined the recommendations of the Committee, the proposal of BPL and the remarks of APTRANSCO. After careful examination, the Government had issued orders vide letters dated

19.12.2007 and 20.06.2009 to reinstate the PPA dated 10.07.2003 entered with M/s BPL Power Projects (AP) Pvt Ltd., by annulling the earlier termination dated 09.07.2004 and permit BPL to enhance the capacity of the project to 600 MW (2x300 MW). The increase in capacity of the project is in accordance with the stated policy of the state to achieve more generation.

6. GOAP vide G.O.Ms.No. 103 dated 22.09.2008 had notified the allocation of 600 MW power to be generated from M/s BPL Power Projects (AP) Private Limited at Ramagundam, Karimnagar District with share of power 96 MW, 132 MW, 276 MW and 96 MW to the DISCOMS APEPDCL, APSPDCL, APCPDCL and APNPDCL respectively.

7. In view of the decision of Council of Ministers taken on 18.12.2007, and fresh resolve of the GOAP to be proactive and thereby maximize power generation, it is hereby ordered that,

- (i) The termination order issued by APTRANSCO dated 09.07.2004 terminating the BPL's PPA is hereby ordered to be annulled. Consequently, the PPA is reinstated in the original form.
- (ii) The capacity of the project stands increased to 600 MW (2x300 MW) compared to the earlier capacity of 520 MW (2 x 260 MW).
- (iii) The estimated completed cost of the project shall not exceed Rs. 4.76 crores per mega watt (at an exchange rate of Rs. 43.50 per US\$).
- (iv) M/s BPL Power Projects (AP) Pvt Ltd is directed by the GOAP to seek consent from APERC in regard to changes in technical and financial parameters.

- (v) APDISCOMs to take further appropriate action as per allocation made in para 6 as per the directions of APERC.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

A.K. GOEL
SPECIAL CHIEF SECRETARY TO GOVERNMENT.

To
A.P.TRANSOCO, Vidyut Soudha, Hyderabad.
The APCPDCL, Hyderabad.
The APNPDCL, Warangal.
The APSPDCL, Tirupathi.
The APEPDCL, Visakhapatnam.
The APERC, Hyderabad.
M/s BPL Power Project (AP) Ltd.
Hyderabad.

Copy to:

The P.S. to Prl. Secy. to C.M.

//forwarded by order//

Section Officer